Bilateral agreement with Sri Lanka for pepper import

3101. SHRI V. V. RAGHAVAN :
SHRI J. CHITHARANJAN :

Will the Minister of COMMERCE AND INDUSTRY be pleased to state :

(a) whether it is a fact that pepper import at a concessional duty of 7 per cent is permitted from Sri Lanka under a bilateral agreement between India and Sri Lanka;

(b) if so, the details of the agreement and the quantum of pepper imported from Sri Lanka since this bilateral agreement was made, year-wise;

(c) whether it is a fact that such cheaper imports have affected the domestic prices of pepper causing concern to the domestic plantation sector; and

(d) if so, whether Government propose to impose a quantity cap on the import of pepper from Sri Lanka?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY) : (a) Import of pepper was permitted at 7% duty from Sri Lanka under the India-Sri Lanka Free Trade Agreement till 17th March, 2003. With effect from 18th March, 2003 the import of pepper is being permitted duty free from Sri Lanka.

(b) A Free Trade Agreement (FTA) between India and Sri Lanka was signed on 28th December, 1998 in New Delhi. The FTA has been made operative by the issuance of Customs Notification on 1st March, 2000. The Agreement envisages phasing out of tariffs on all products, over a period of time, except for a limited number of items in the Negative List. While India would complete the process of tariff elimination over a period of 3 years, Sri Lanka would achieve this over 8 years from the date of operation of the Agreement. The quantum and value of import of pepper from Sri Lanka for the last five years is given below :-

Year	Quantity(tons)	Value (Rs. in crore)
1998-99	1095	24.15
1999-2000	1160	25.76
2000-01	1749	27.88
2001-02	1241	16.05
2002-03 (April-Feb.)*	6204	58.22

*Estimated Source : Spices Board

(c) The prices in the domestic market are reflective of the international prices. Unprecedented increase in prices of pepper during 1995-96 to 1999-2000 resulted in emergence of new players such as Vietnam. The high productivity of pepper coupled with negligible domestic consumption of pepper in such countries created an over supply position in the international market, causing prices to fall. The decline in prices of pepper in Indian market is a reflection of global price.

(d) No, Sir.

Imports of capital goods

3102. SHRI S. AGNIRAJ : Will the Minister of COMMERCE AND INDUSTRY be pleased to state :

(a) the total value of imports of capital goods under various heads and through many schemes of DGFT into the country during the last three financial years;

(b) the percentage of increase in imports;

(c) whether the liberalization of imports of capital goods has affected the domestic market; and

(d) if so, the steps taken to protect the domestic market?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY) : (a) The total value of import of goods under Chapter 84 (which primarily relates to capital goods) of the ITC (HS) Classification of Imports and Exports Book, during 1999-2000, 2000-01 and 2001-02 was Rs. 16805.86 crore, Rs. 19355.69 crore and Rs. 20265.19 crore respectively. During the same period, under EPCG scheme, licences were granted for import of capital goods against corresponding export obligation for Rs. 6623.7 crore, Rs. 6538.4 crore and Rs. 6655 crore, respectively.

(b) The rate of growth of import under Chapter 84 of ITC (HS) Classification of Imports and Exports Book was 15% in 2000-01 whereas the same was 5% in 2001-02.

(c) and (d) The liberalization of imports has created competitive market in the capital goods segment. The domestic manufacturers supplying against EPCG licences have been given deemed exports benefit so as to provide them the facility of duty free import of inputs under Advance Licence for deemed exports, refund of terminal excise duty and deemed exports drawback.